

Message Text

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ACTION ARA-20

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C O N F I D E N T I A L MONTEVIDEO 3627

E.O. 11652: GDS

TAGS: PGOV, UY

SUBJ: COUNCIL OF STATE NAMED TO TAKE OFFICE DEC 29

CINCSO FOR POLAD

1. SUMMARY. THE PRESIDENT HAS ANNOUNCED THE FORMATION OF A COUNCIL OF STATE WHICH WILL ASSUME THE FUNCTIONS OF THE NATIONAL CONGRESS WHICH WAS CLOSED ON JUNE 27. THE COUNCIL'S MEMBERSHIP REFLECTS THE PRESIDENT'S DESIRE TO AVOID ACTIVE PARTICIPATION OF PROFESSIONAL POLITICIANS AND HIS DIFFICULTY IN OBTAINING THE NATION'S MOST DISTINGUISHED CITIZENS TO IDENTIFY THEMSELVES WITH HIS ADMINISTRATION. NEVERTHELESS, THERE ARE ENOUGH FIRST-RATE PEOPLE ON THE NEW COUNCIL TO VIRTUALLY ENSURE THAT AFTER THE EXPECTED HONEYMOON PERIOD THE COUNCIL MAY TRY TO BECOME INCREASINGLY INDEPENDENT. AWAITING THE COUNCIL'S ACTION ARE A NUMBER OF KEY BILLS WHOSE APPROVAL SHOULD CONTRIBUTE SUBSTANTIALLY TO GIVING URUGUAY THE PSYCHOLOGICAL AND ECONOMIC BOOST IT NEEDS TO PULL ITSELF OUT OF YEARS OF ECONOMIC DEPRESSION.

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FINALLY, THE NAMING OF THE COUNCIL HOPEFULLY WILL MARK THE END OF A PERIOD OF DISRUPTION OF INSTRUCTIONS AND THE BEGINNING OF

A RETURN TO CONSTITUTIONALITY, END SUMMARY.

2. COMPLETING A LONG (169) DAYS), ARDUOUS TASK, PRESIDENT BORDABERRY AT 2115 DECEMBER 13, ANNOUNCED THE FORMATION OF THE COUNCIL OF STATE. THE 25 MEMBER COUNCIL WILL BE HEADED BY AGED BLANCO PARTY PATRIARCH MARTIN ETCHEGOYEN AND WILL BE SWORN IN ON WEDNESDAY, DEC 19.

3. THE COUNCIL IS CREATED ON THE BASIS OF A JUNE 27, 1973 DECREE WHICH ACCOMPANIED THE CLOSING OF THE CONGRESS. THE DECREE STATED THAT THE COUNCIL WILL INDEPENDENTLY CARRY OUT THE FUNCTIONS OF THE GENERAL ASSEMBLY (CONGRESS), CONTROL THE CONDUCT OF THE EXECUTIVE POWER WITH RESPECT TO INDIVIDUAL HUMAN RIGHTS, AND LEGAL AND CONSTITUTIONAL NORMS, AND DRAW UP A CONSTITUTIONAL REFORM WHICH IS TO REAFFIRM THE FUNDAMENTAL PRINCIPLES OF REPRESENTATIVE DEMOCRACY.

4. BEFORE NAMING THE COUNCIL MEMBERS, THE PRESIDENT CONSULTED WITH MEMBERS OF THE NATIONAL SECURITY COUNCIL (COSENA) AND THEN WITH THE PROSPECTIVE MEMBERS OF THE COUNCIL OF STATE IN ORDER TO ENSURE THEIR ADHERENCE TO THE GENERAL PHILOSOPHY OF THE ADMINISTRATION. BORDABERRY REPORTEDLY ALSO DISCUSSED WITH EACH COUNCIL CANDIDATE LEGISLATION ALREADY AWAITING COUNCIL ACTION.

5. AMONG MATTERS TO GO BEFORE THE COUNCIL ON A PRIORITY BASIS ARE THE RECENTLY SIGNED TREATY WHICH ESTABLISHES THE WATER BOUNDARY WITH ARGENTINA, PROPOSED LAWS GOVERNING FOREIGN INVESTMENT, RENT CONTROLS, INDUSTRIAL PROMOTION, AND AN ORGANIZED LAW FOR THE CENTRAL BANK. ALSO AWAITING COUNCIL ACTION ARE, INTER ALIA, THE EXTRADITION TREATY WITH THE UNITED STATES, "SOME ON HUNDRED ADMINISTRATIVE RESOLUTIONS," OTHER BILLS, AND THE APPROVAL OF AMBASSADORS TO PERU, CHILE, PARAGUAY AND JAPAN.

6. COMMENT: OUR INITIAL IMPRESSION IS THAT THE PRESIDENT WAS ONLY MODERATELY SUCCESSFUL IN FINDING DISTINGUISHED URUGUAYANS TO ACCEPT SEATS ON THE COUNCIL. ETCHEGOYEN IS THE ONLY PROMINENT POLITICIAN ON THE COUNCIL, ALTHOUGH
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THIS IS IN KEEPING WITH THE ADMINISTRATION'S (AND THE POPULACE'S) RATHER STRONGLY HELD BELIEF THAT THE PROFESSIONAL POLITICIANS HAD FAILED THE NATION. AS MIGHT BE EXPECTED, LAWYERS (14) PREDOMINATE WITH TWO FORMER PRESIDENTS OF THE SUPREME COURT (HAMLET REYES AND EMILIO SIEMENS) AMONG THEIR NUMBER. ALSO INCLUDED IN THE COUNCIL ARE MDS, ECONOMISTS (INCLUDING DANIEL RODRIGUEZ LARRETA AND JUAN RODRIGUEZ LOPEZ, BOTH PROMINENT), PROFESSORS, ENGINEERS, AN AGRONOMIST, AN ARCHITECT AND THREE WOMEN. THREE FORMER CABINET MINISTERS ALSO FIGURE IN THE LIST, DRS. JULIO CESAR ESPINOLA, APARICIO MENDEZ AND ALBERTO

DEMICHELLI, WHO WAS MINISTER OF HEALTH AND INTERIOR FORTY YEARS AGO.

7. THE NAMING OF THE COUNCIL OF STATE WILL ENABLE THE ADMINISTRATION FINALLY TO GET ITS MAJOR ECONOMIC REFORM PROGRAM MOVING. A NUMBER OF LARGE FOREIGN FIRMS HAVE TOLD US THAT THEY WILL INVEST AS SOON AS THE NEW FOREIGN INVESTMENT LAW IS APPROVED BY THE COUNCIL. IN ADDITION, THE INDUSTRIAL PROMOTION LAW AND THE LAW ON RENT CONTROLS ARE OF GREAT IMPORTANCE TO INDUSTRY AND TO THE ECONOMY. PROMPT COUNCIL ACTION ON THESE AND OTHER PENDING MATTERS SHOULD GIVE A PSYCHOLOGICAL AS WELL AS PRACTICAL BOOST TO THE ADMINISTRATION WHICH HAD NOT BEEN ABLE TO MAINTAIN THE OVERALL OPTIMISM WHICH HAD FOLLOWED THE MEETINGS OF NATIONAL LEADERS AT SAN MIGUEL AND NIRVANA SOME MONTHS AGO.

8. WITH THE COUNCIL NOW COMPLETED, THE ADMINISTRATION HAS ALSO ALL BUT COMPLETED THE LONG PROCESS, BEGUN IN JUNE, OF ELIMINATING OBSTACLES TO RECOVERY (THE CONGRESS, COMMUNIST CONTROL OF EDUCATION, AND LABOR), LAYING OUT A RECOVERY PROGRAM (SAN MIGUEL AND NIRVANA MEETINGS), PUTTING ITS INTERNAL HOUSE IN ORDER (BEGINING TO DEAL WITH EXCESSIVE BUREAUCRATIZATION AND PREPARING UNIFORM BUDGETS AND OPERATING PROCEDURES FOR DEPARTMENTS AND MUNICIPALITIES) AND MOVING AGAIN TOWARDS CONSTITUTIONALITY. WE BELIEVE THAT THE PRESIDENT HAS CHOSEN A GROUP ATTUNED TO HIS THINKING AND PREPARED TO APPROVE MATTERS AWAITING ITS ACTION. HOWEVER, THE COUNCIL CONTAINS ENOUGH FIRST-RATE MINDS THAT IT COULD BECOME, IN TIME, INCREASINGLY INDEPENDENT. NEVERTHELESS, THE INSTITUTION OF THE COUNCIL WITHIN A MATTER OF DAYS REPRESENTS A MAJOR STEP FORWARD FOR URUGUAY, BOTH IN THE
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SENSE OF MOVEMENT TOWARDS A RETURN TO ALL CONSTITUTIONAL GOVERNMENT AND REAL PROGRESS TOWARDS ECONOMIC GOALS.
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